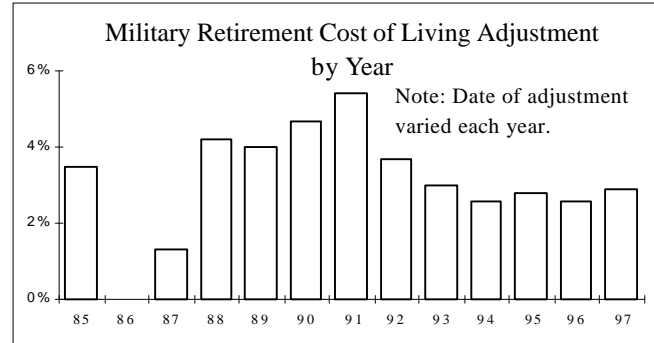
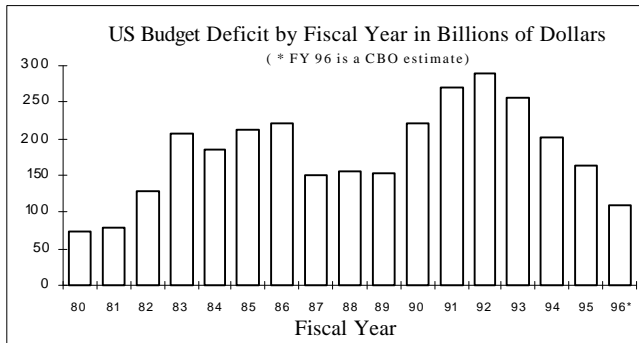


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FY 1996 BUDGET DEFICIT EXPECTED TO BE LOWEST SINCE 1981

The Congressional Budget Office estimates the budget deficit for FY 96 to be \$109 billion, the smallest since 1981, \$35 billion less than that estimated at the beginning of the fiscal year. This is the fourth consecutive decline in the deficit. Official estimates will be available from the Department of the Treasury in mid-November.

MILITARY RETIREMENT AND SOCIAL SECURITY COLA WILL BE 2.9% IN 1997

Release of Consumer Price Index (CPI) data for September showed that consumer prices rose at a seasonally adjusted rate of 0.3%. Military retirement and social security payments for calendar year 1997, based on the increase in the CPI from October 1995 through September 1996, will be increased by 2.9% versus the 2.6% adjustment which applied to 1996.

WEAK RUSSIAN ECONOMIC STATISTICS REPORTED

The Russian government reported that for the first 3 quarters of 1996 most economic statistics deteriorated compared with the same period in 1995. Russia's GDP fell 6%, industrial production fell 5%, and the number of persons unemployed was up, though the overall unemployment rate stayed steady at 9.2%. The only significant improvement in the Russian economy was inflation. Consumer prices rose 31.7% in the first 9 months of 1996, the lowest inflation rate since the start of economic reforms in 1992.

RUSSIAN MILITARY SPENDING HAS FALLEN 45% IN 3 YEAR PERIOD

The London based International Institute for Strategic Studies reported that from 1992 to 1995 Russian military spending fell 45% to about \$82 billion. In contrast, real defense spending in the US declined about 16% to just over \$250 billion in the same period. Despite this drastic decline in spending, Russia is still the second largest military spender after the US.

FUEL PRICES (dollars/bbl) AND EXCHANGE RATES (foreign units/US dollars)

	<u>Oct 18</u>	<u>Oct 11</u>		<u>Oct 18</u>	<u>Oct 11</u>
Crude Oil (Foreign)	23.14	23.09	DM (Germany)	1.54	1.53
Crude Oil (Domestic)	25.78	24.28	Yen (Japan)	112.48	111.40
Pound (UK)	0.631	0.635	Peso (Mexico)	7.72	7.62
Ruble (CIS)	5434	5413	Won (S. Korea)	827	828

The Economic Bulletin is published by the Office of the Assistant Secretary of the Army (FM&C), SAFM-RB. Should you have any questions or comments please contact Dr. Robert Raynsford at (703)697-2281 (DSN 227-2281). This publication is available on the Internet World Wide Web (http://134.11.192.15/pubs/eco_bltm/economic.htm). Contact WELTZLJ@HQDA.ARMY.MIL for more information.